



Michigan Society of Hematology and Oncology  
Advocacy • Education • Research

On behalf of the Michigan Society of Hematology and Oncology ("MSHO"), we encourage the Michigan Legislature to pass **House Bill 4751**, the Cancer Treatment Fairness Act.

MSHO is a state-based professional organization and currently represents over 93 percent of all practicing hematologists and medical oncologists in Michigan. It is the mission of MSHO to promote exemplary care for patients with cancer and blood disorders through advocacy, education and research.

The American Cancer Society estimates that 57,560 new cancer cases will be diagnosed in Michigan in 2013. Five years ago, less than 10 percent of cancer drugs existed in oral form. Today oral medications are reported to account for up to 35 percent of the current oncology pipeline making oral drugs an increasingly important component of cancer treatment. For some types of cancer, oral drugs are the singular standard of care

Insurance benefit design has not kept pace with advances in oral anti-cancer drug therapy. This has resulted in patient cost-sharing obligations that are much higher for oral anti-cancer drugs than for drugs delivered to cancer patients through infusion (IV) or injection. This disparity exists because cost sharing for an IV or injected drug is usually provided under a plan's medical benefit, whereas oral drugs are typically assigned to a plan's pharmacy benefit. Oral cancer drugs relegated to the plan's pharmacy benefit can require out-of-pocket costs ranging from hundreds to thousands of dollars per month. Patients believing that they had a cancer benefit are now faced with difficult financial choices they did not anticipate. We believe these life-saving decisions are best left to the physician in consultation with their patients.

House Bill 4751 would require insurance companies to treat oral anti-cancer therapies in the same manner as existing cost sharing policies for IV or injected therapies. This legislation is critical to prohibiting payers from discriminating against orally-administered drugs and triggering the threat of patients abandoning their treatment.

Twenty seven states and the District of Columbia have passed similar laws requiring fair and equal access for cancer drugs that are administered orally. This common sense legislation would not mandate coverage of chemotherapy but it would require that health plans that include a chemotherapy benefit ensure access to all chemotherapies, regardless of how the medication is administered.

Michigan's legislators need to take a stand for our patients and pass this important legislation. These patients need your support in securing their ability to access the care they desperately need.

Sincerely,

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## **ISSUE OVERVIEW**

### *House Bill 4751: Equitable access to oral anti-cancer therapies*

## **BACKGROUND**

*Preserving access to cancer care is the responsibility of those charged with the public trust*

- The American Cancer Society estimated that 57,560 new cancer cases will be diagnosed in Michigan in 2013 and the numbers continue to escalate.<sup>1</sup> These patients need your support in securing their ability to access the care they need.
- Five years ago, less than 10 percent of cancer drugs existed in an oral form. Today oral medications are reported to account for up to 35 percent of the current oncology pipeline making oral drugs an increasingly important component of cancer treatment. For some types of cancer, oral drugs are already the singular standard of care.
- Insurance benefit design has not kept pace with advances in oral anti-cancer drug therapy. This has resulted in patient cost-sharing obligations that are much higher for oral anti-cancer drugs than for drugs delivered to cancer patients through infusion (IV) or injection.
- This disparity exists because cost sharing for an IV or injected drug is usually provided under a plan's medical benefit, whereas oral drugs are typically assigned to a plan's pharmacy benefit. Oral cancer drugs relegated to the plan's pharmacy benefit can require out-of-pocket costs ranging from hundreds to thousands of dollars per month.

## **THE PROBLEM**

*Outdated insurance policy limits access to drug therapy for cancer*

- High cost-sharing puts these oral drugs out of reach for far too many patients, sometimes threatening their chance of survival. In many cases there are no other drugs that can be substituted for the prescribed oral drug. Most drugs do not come in both an oral format and an IV/injected format.
- Patients should not be forced to choose a less appropriate treatment option – or forego drug therapy all together, where no other options exist – because an insurer provides higher cost sharing for a cancer drug that happens to be administered by mouth rather than by IV/injection.
- Patients and their physicians make treatment decisions based on what is medically necessary and will give the patient the best chance of survival based on clinical evidence.

## **THE SOLUTION**

*Fair and equal cost-sharing for orally-administered cancer drugs*

- Twenty-seven states plus the District of Columbia have already enacted legislation addressing this issue. These laws state that, if a health plan covers cancer treatment, then that plan must provide fair and equal access for cancer drugs that are administered orally.
- **We urge your support for House Bill 4751**, sponsored by Representative Gail Haines. This legislation is critical to prohibiting insurers from discriminating against orally-administered drugs when designing the benefits that address cancer treatment.

<sup>1</sup> American Cancer Society, *Cancer Facts & Figures 2013*, p. 5 Atlanta: American Cancer Society; 2013.

## MYTHS & FACTS

### *Insurance coverage & oral anti-cancer therapies*

#### **MYTH: This bill will lead to higher premiums.**

- **FACT:** The actuarial firm Milliman assessed how much it would cost health plans to implement parity. The finding: under \$0.50 per member per month for most plans. This translates to a 0.17% increase in premiums (a typical plan within this context costs over \$300 per member per month).
- **FACT:** Prior to enacting oral cancer treatment fairness legislation, several state legislatures and/or agencies performed studies in which they projected negligible premium increases, if any.
- **FACT:** According to departments of insurance in most of the states that have enacted oral cancer treatment fairness legislation, insurance premiums have not increased as a result of the legislation. The largest potential premium increase reported by any state that has enacted parity legislation was \$.50-\$1 per member per month (Indiana).<sup>2</sup>

#### **MYTH: This bill is an insurance mandate.**

- **FACT:** House Bill 4751 does not seek to create new insurance benefits.
- **FACT:** House Bill 4751 simply states that, if a plan covers cancer treatment, that plan must apply the same cost-sharing rules to (a) drugs that are taken by mouth and (b) drugs that are administered by IV/injection. In other words, coverage for oral drugs may not be less favorable than coverage for IV/injected drugs.

#### **MYTH: Oral drugs are more expensive than IV drugs.**

- **FACT:** It is not always the case that oral drugs are priced higher than IV drugs. Because drugs are FDA approved for specific tumor types and specific lines of treatment along the cancer continuum, it is not viable to perform a simple head to head economic analysis of an oral agent versus a drug that was developed for IV or injection delivery. The reality is that recently approved effective therapies are costly regardless of their formulation.
- **FACT:** With regard to IV drugs, insurers currently pay for more than the cost of the drug alone. Insurers must also reimburse providers for costs associated with administering the drug (equipment, nursing services, hydration, etc.). For this reason, some oral drugs may involve lower total costs than an IV drug.

#### **FACT: Barriers to appropriate treatment access can result in poor health outcomes and increased economic burden on all stakeholders in cancer care.**

- A 2009 study found that patients with an out-of-pocket cost of greater than \$200 were at least three times more likely to not fill their prescription for their oral anti-cancer drugs, compared to patients with out-of-pocket costs of \$100 or less. Abandoning one's medication may lead to costly follow-up visits or hospitalization, among other issues. <sup>3</sup>Fair access to oral drugs can help prevent this outcome.
- A lack of access to cancer treatment can have a broad impact on our national economy. The National Institutes of Health estimated lost productivity due to premature cancer deaths in the United States in 2005 at \$134.8 billion (estimating about 600,000 cancer deaths that year).

**Please join us in supporting House Bill 4751:**

**The Cancer Treatment Fairness Act**



It is the mission of the Michigan Society of Hematology and Oncology to promote exemplary care for patients with cancer and blood disorders through advocacy, education and research.

<sup>2</sup> Milliman, Inc. "Parity for Oral and Intravenous/Injected Cancer Drugs." January 2010

<sup>3</sup> Gleason PP, et al. "Oral Oncology Prescription Abandonment Association with High Out-of-Pocket Member Expense." *Journal of Managed Care Pharmacy*, 16: 161-162. 2010